BEACON SAP Training

Payroll Overview, Process and Policy

PY200

Slide 1

Notes

Welcome to the *Payroll Overview, Process and Policy* course. This course is intended to provide the terms, concepts, knowledge and skills associated with the Payroll module (PY) in BEACON HR/Payroll.

SAP Training — Welcome

Welcome to the Payroll Overview, Process and Policy course.

- Introductions
- Sign-in Sheet
- Name Tents
- Breaks
- Logistics
- Parking Lot
- Classroom Etiquette
  - Cell phones off
  - No side conversations

Slide 2

Notes

Please sign the attendance sheet to receive credit for attending this class.

To ensure others have a quality training experience, please turn your cell phones off during class.

Prerequisites

- BEACON Overview BC100
- SAP Basic Navigation BC110

Slide 3

Notes

For maximum understanding of this course, please ensure that you have completed the above prerequisites.

Course Map

Lesson 1: SAP Payroll

Lesson 2: Payroll Terminology

Lesson 3: What is Shared Services?

Lesson 4: Agency Roles and Responsibilities

Lesson 5: Shared Services Roles and Responsibilities

Lesson 6: Course Review

Slide 4

Notes

Course Objectives

Upon completion of this course, you will be able to:

- Identify the BEACON payroll processes and policy changes

- Define payroll terms and concepts

- Explain BEACON payroll Shared Services concept

- List BEST roles, responsibilities, and policies

- List Agency roles, responsibilities, and policies

Slide 5

Notes

Welcome: Strategy for Training

- **Tell me**   **Concepts**

  Instructor will describe processes, responsibilities and transactions – LISTEN

- **Show me**   **Demonstrations**

  Instructor will demonstrate job-related tasks performed in SAP – HANDS OFF

- **Let me**   **Exercises**

  Student will complete the exercises which allows for practice in class – HANDS ON

- **Support me**   **Availability**

  Instructor will be available to answer questions while the students complete the exercises.

Slide 6

There are no exercises or demos in this course.

Notes

Reference materials

- Student Guide
- Job Aids
- Other resources
  - Online help
  - Simulations
  - Work instructions

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Notes

Simulations let you practice using SAP in a clearly defined and safe environment. Each simulation has instructions to guide you through the task. Simulations are available only for select transactions.

Online help

- Provides step-by-step procedures by screen
- Includes links to complete step-by-step procedures
- Includes links to simulations

To access BEACON Help, select the Help > BEACON Help menu option from any SAP ERP screen.

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Notes

Your Training Responsibilities

- Attend the applicable training class
- Be actively involved and participate in training
- Practice after training
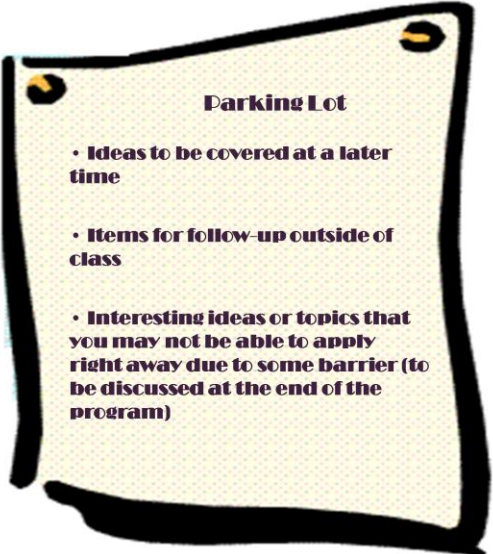
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Notes

This course, as is true with all of the HR courses, is not designed for your specific division or agency procedures and policies. The training does not include all of the scenarios you encounter in your current job role. Instead, the courses in the Personnel Administration curriculum are designed with two purposes in mind:

- To give you the basic knowledge and skills you need in order to perform your tasks in the SAP application as well as to perform any related business processes.
- To demonstrate how you can further develop your skills by using the classroom materials, Work Instructions, Online Help and practice sessions to continue your SAP education after training is completed.

As you can see, you play an active role in your training development. BEACON SAP HR/Payroll training is designed to ensure that you have the information you need in order to perform your duties and responsibilities.

Welcome: Strategy for Training

Parking Lot

• Ideas to be covered at a later time

• Items for follow-up outside of class

• Interesting ideas or topics that you may not be able to apply right away due to some barrier (to be discussed at the end of the program)

Slide 10

Notes

The Parking Lot will be used to record any concerns, expectations, and questions that cannot be answered during the class. If needed, your Instructors will follow up with answers to questions that could not be answered in class.

When you think of a concern, ask the instructor. If the instructor /navigator cannot answer the question, it will be forwarded to the BEACON office. The Training Solutions Center will contact the subject matter experts to determine an answer and will notify the instructor of the answer.

The instructor will share the answer if it is received before the end of class. If an expectation or concern cannot be addressed in class, the instructor will place it on a parking lot, research it, and provide the class with a response at a later date.

Lesson 1

DEACON
North Carolina
Office of the State Controller

Lesson 1: SAP Payroll

Lesson 2: Payroll Terminology

Lesson 3: What is Shared Services?

Lesson 4: Agency Roles and Responsibilities

Lesson 5: Shared Services Roles and Responsibilities

Lesson 6: Course Review

Slide 11

Notes

Lesson Objectives

Upon completion of this lesson, you will be able to:

- Identify the SAP payroll process

- Describe the follow-up payroll processing activities
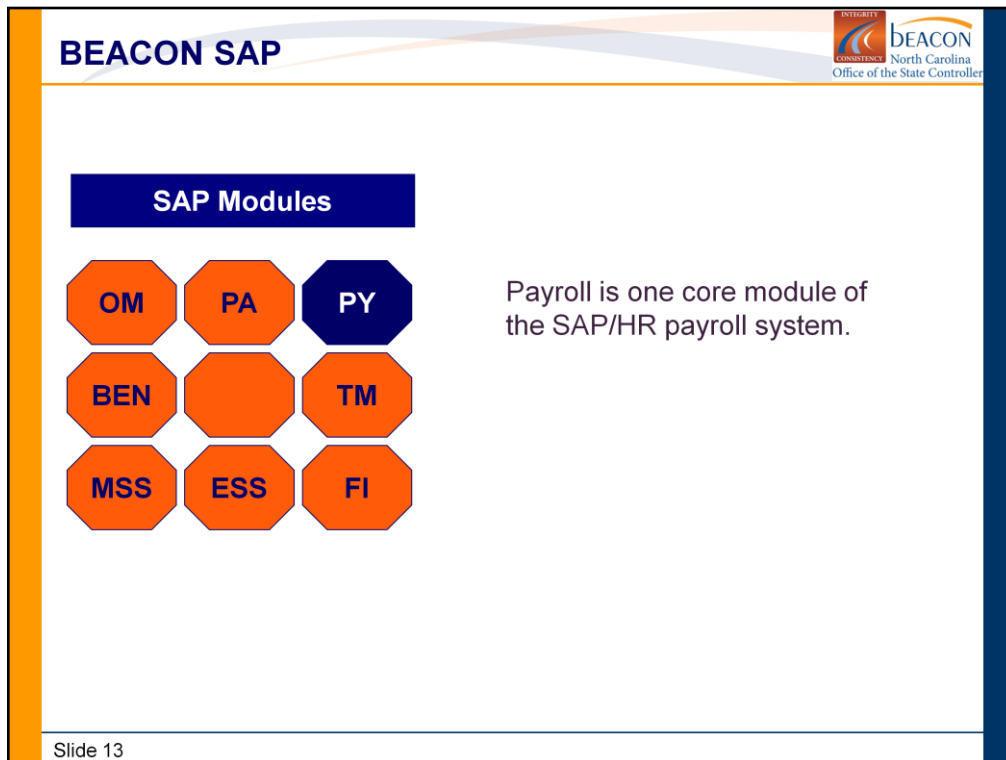
- Describe off-cycle processing

Slide 12

Notes

Information from the following SAP components are used to process payroll:

Notes

OM – **Organizational Management**: Maintains the State organizational structure with regards to agency organizational units, job and position

BEN – **Benefits** : Maintains employee benefit selection, eligibility and deduction

MSS – **Manager Self** -**Service**: Allows managers to view data regarding their employees

PA – **Personnel Administration**: Maintains employee personnel data, such as name, address and length of service

ESS – **Employee Self**-**Service**: Allows employees to maintain personal data, including pay statement information

PY – Payroll: Calculates payments, generates payroll and remuneration (employee pay) statements, and reports payroll to the Financial (FI) module

TM – **Time Management**: Maintains employee working time, schedule and leave balances

FI – **Financial**: Maintains appropriate financial statements (i.e. reporting, budget, cost centers)

Benefits of Payroll

There are many benefits of Payroll:

1. Multiple direct deposits
2. Online access to pay statement
3. Centralized reconciliation of State Health Plan bill
4. HR integration
5. Benefits integration
6. Automatic payouts for longevity
7. Centralization of garnishments
8. Appropriate taxation for out-of-state employees

Slide 14

Notes

BENEFITS OF PAYROLL

1. Employees are able to select direct deposits for multiple bank accounts.

2. Employees with access to Employee Self-Service (ESS) are able to view current and past pay statements.

3. State Health Plan reconciliation is processed by BEST Shared Services through SAP's third-party remittance process.

4. A function of the BEACON HR/Payroll system is sharing data between modules. This eliminates dual entry of data.

5. Longevity payments are calculated automatically and are included in the employee's pay for the effective pay period.

6. BEST Shared Services process garnishments.

7. Out-of-state employees are taxed according to applicable laws.

8. The Benefits module integrates with the Payroll module to streamline the payroll calculation process.

Payroll Process Example

The following slides will illustrate the function of the HR/Payroll system and its sharing of data.

This scenario uses the employment history of a salaried employee.

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Notes

Payroll Process

The employment history begins before the employee is hired – at the time a position is actually created in the BEACON HR/Payroll system.

This is done through the Organizational Management (OM) module.

OM

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Notes

Position data, in the Organizational Management (**OM)** module, contributes the following information to the BEACON HR/Payroll system:

- Job classification
- Title
- Employee Group
- Employee Subgroup
- Benefits eligibility
- Organizational relationship
- Cost distribution (bears the cost of salary plus expenses).
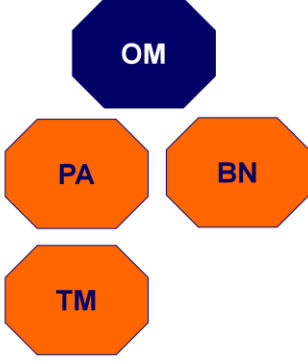
Payroll Process

Once a position is created it is filled by the HR hiring process.

This is done with the transactions of the Personnel Administration (PA) and Benefits (BN) modules.

OM

PA   BN

TM

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Notes

The Personnel Administration **(PA)** and Benefits **(BN)** modules create the new employee master data record in the BEACON HR/Payroll system. The Time Management **(TM)** module is used to enter an employee's planned work schedule and time.
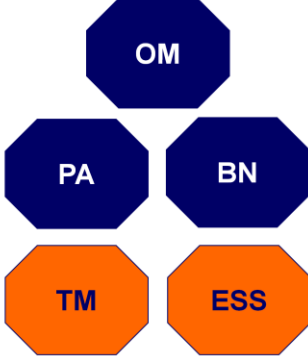
The organizational unit and position data are inherited from the OM module. Additional information acquired at this stage also include address, family data, and benefit data.

Payroll Process

Once the employee starts working work hours are recorded in the employee's time records in the BEACON HR/Payroll system.

This is done with transactions of the Time Management and/or Employee Self-Service modules.

OM

PA   BN

TM   ESS

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Notes

The Time Management **(TM)** module updates the salaried employee's time record in the BEACON HR/Payroll system on a regular basis with the following information:

- Working hours (time and attendance)
- Absences (vacation, sick leave, FMLA)
- Shift work

Employee Self-Service **(ESS)** allows employees to view and maintain their own time data.

The Manager Self-Service **(MSS)** module allows managers to approve:

- Working time
- Overtime
- Employee leave

Notes

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Payroll Process

Once the employee's work hours are approved in the BEACON HR/Payroll system, the hours are made available for payroll.

All approved time is evaluated for availability of balances and effects on pay. Any effects on pay are processed on the next payroll run for the employee.

This is done in the Payroll module.

SAP HR/Payroll

OM
PA   BN
TM   ESS
MSS
PY

Notes

To pay employees, the Payroll module relies upon data from the following:

OM module: The cost center responsible for the employee's costs.

PA module: The employee's tax withholdings, garnishment, deductions and banking data.

BN module: The employee's contributions to health insurance plan deductions and savings plan.

TM module: The employee's attendance, absence hours and pay rates.

Payroll Process Attributes

- Payroll frequency
- Wage types
- Deductions
- Payroll calculation
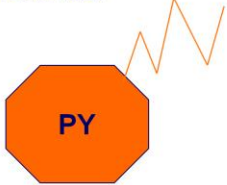- Follow-up activities
- Off-cycle processing

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The next few slides define the Payroll terms above.

Notes

Payroll Frequency

- There are two payroll frequencies used in SAP :
  - Bi-Weekly
    - Department of Transportation
    - All Temporary Workers
    - National Guard
  - Monthly
    - All other State employees
- SAP will also track Non-Pay employees information such as:
  - Federal Employees
  - Volunteers
  - Board Members

PY

Slide 23

Notes

Employees who were previously paid by Central Payroll and DOT payroll will now be paid through BEACON HR/Payroll. In the new system, each employee will be assigned a **Payroll Frequency.** There are two frequencies:

Bi-weekly (payroll run)
- Begins on Saturday and ends on Friday and spans a 14-day period
- Pay dates every other Friday (unless a holiday makes it necessary to make payment earlier)
- Two weeks in arrears
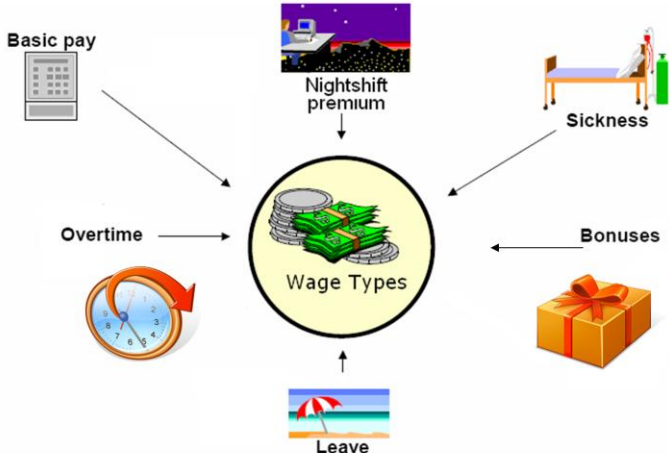
Monthly (payroll run)
- Covers a period of one month
- Begins on first day of month and ends on the last day of same month
- Pay date last business day of each month.

An employee's wage types are unique to the individual. Some payments that may be included in the calculation of employee pay are basic pay, bonuses and vacation allowances.

Notes
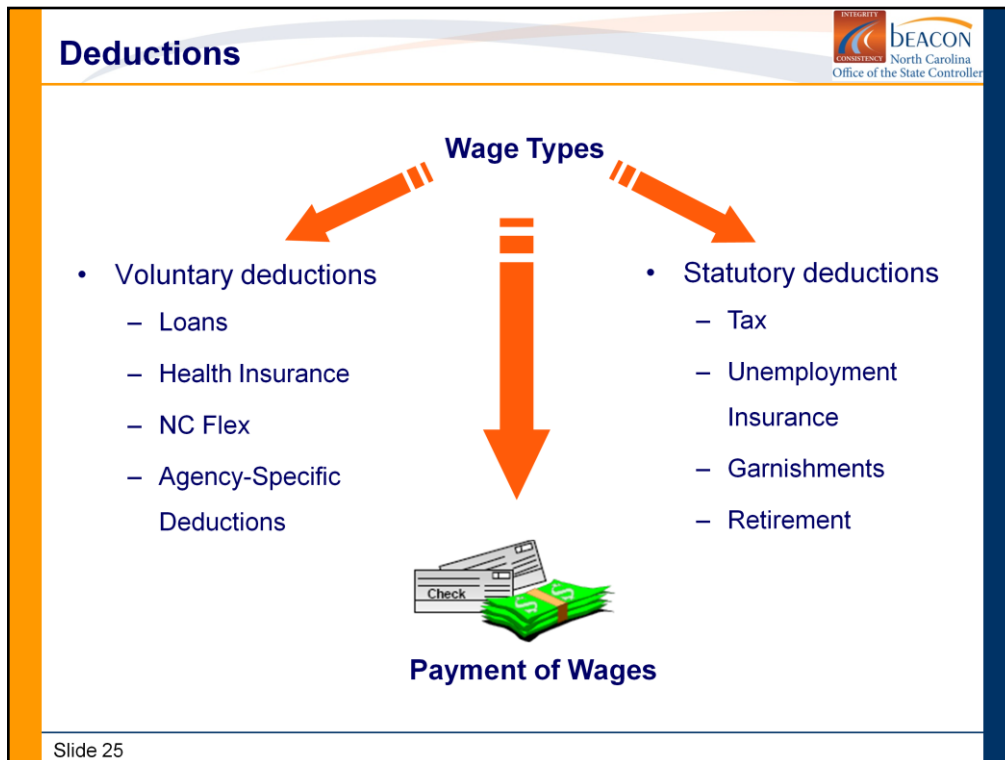
Notes

A **Deduction** is money subtracted from an employee's pay. There are two kinds of deductions:

1. <u>Statutory</u> deductions (like taxes and garnishments) are required by law.

2. <u>Voluntary</u> deductions (like health insurance and loans) must be authorized by the employee.

Payroll Calculation

- Two steps comprise payroll calculation:
  - Calculation of wage types
  - Statutory and voluntary deductions

Payroll

Calculation of wage types

Statutory and voluntary deductions

Net pay

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Notes

Gross payroll is the calculation of all wage types such as basic pay and premiums.

Net payroll is the calculation of gross payroll minus statutory and voluntary deductions.

Payroll Processing Follow-up Activities

The Posting to Accounting component provides the interface between Payroll and Accounting. The component helps to:

– Group together posting-relevant information from the payroll results

– Create summarized general ledger documents

– Perform the relevant postings in the Accounting components, such as transfer of payment information to various departments.

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Notes

Payroll contains information that is relevant to the Finance **(FI)** module. BEACON HR/Payroll interfaces with the North Carolina Accounting System (NCAS) and other agency-specific financial systems.

All subsequent activities take place when the payroll run, pay statement, and wage and salary transfer activities are complete.

Off-Cycle Processing

- With proper documentation, the BEACON SAP off-cycle processing allows the State of North Carolina to make adjustments to employee payroll records.
- Off-cycle processes include:
  - Adjustments
  - Bonus
  - Check Replacement
  - On Demand

Slide 28

Notes

Adjustments - Off-cycle adjustments are non-cash. They can come from several sources for different reasons. An example is the recording of non-taxable moving expenses that need to be reported on the employee's W-2. Adjustments require proper documentation.

Bonus payment must be approved and could be relative to an individual, a group of individuals or to all employees.

Check Replacement allows the State of North Carolina to replace checks that have been lost, stolen or destroyed. With proper documentation and affidavits, BEST Payroll Processing (BPP) can replace a check using the Off Cycle Check Replacement function.

On Demand allows the State of North Carolina to pay at any time an amount of money that was not paid to an employee on the previous pay period. With proper documentation, BPP will pay the amount which could include shortage of hours or missed payments.

Lesson Review

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North Carolina
Office of the State Controller

In this lesson, you learned to:

- Identify the SAP payroll procedure

- Describe the follow-up payroll processing activities

- Describe off-cycle processing

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Notes

Lesson 2

Lesson 1: SAP Payroll

Lesson 2: Payroll Terminology

Lesson 3: What is Shared Services?

Lesson 4: Agency Roles and Responsibilities

Lesson 5: Shared Services Roles and Responsibilities

Lesson 6: Course Review

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Notes

Lesson Objectives

DEACON
North Carolina
Office of the State Controller

Upon completion of this lesson, you will be able to:

• Define key terms and processes

• Distinguish between the Enterprise structure and the
  Personnel structure

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Notes

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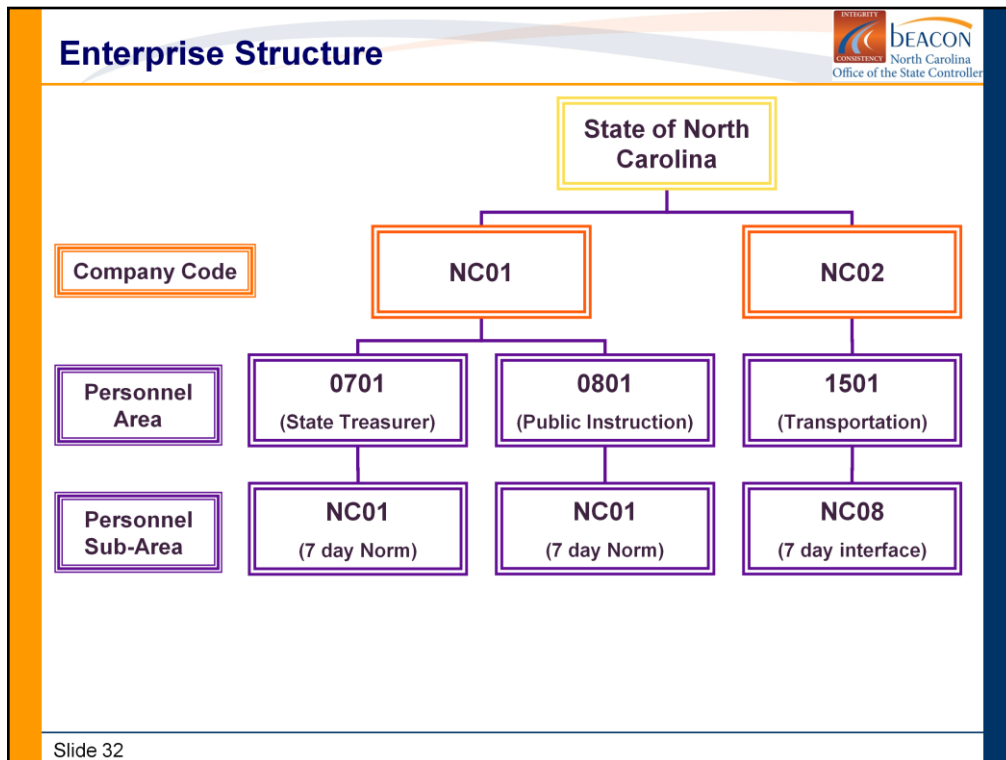
Notes

Clearly defined structures are essential for payroll calculation. The Enterprise and Personnel structures align closely with Payroll.

The **Enterprise** structure defines the overall legal structure of the State of NC with three levels:

- Company Code
- Personnel Areas
- Personnel Sub-Areas

NOTE: the structure graphic above is not intended to be a complete depiction but rather a representation.

Notes

Two company codes exist for the BEACON system:

- **NC01** – used for all primary government agencies and component units represented by NCAS.

- **NC02** - represents any primary government agency or component unit that does *not* use NCAS as their primary accounting system.

Notes

A Company Code can include one or more Personnel areas.

- Personnel area is important for selecting dates for reporting.

- Personnel areas are linked to company codes and determine from where wages and salaries are paid and where they are posted.

Notes

The **Personnel Subarea** is attached to the Personnel area. Subarea further defines and describes a detailed grouping of employees, for example a grouping of similar job families. The groups may represent commonalities of job families such as Administrative and Managerial, Engineering and Architecture, and Human Services.

Personnel Structure

Employee Group

Employee Sub-group

Slide 36
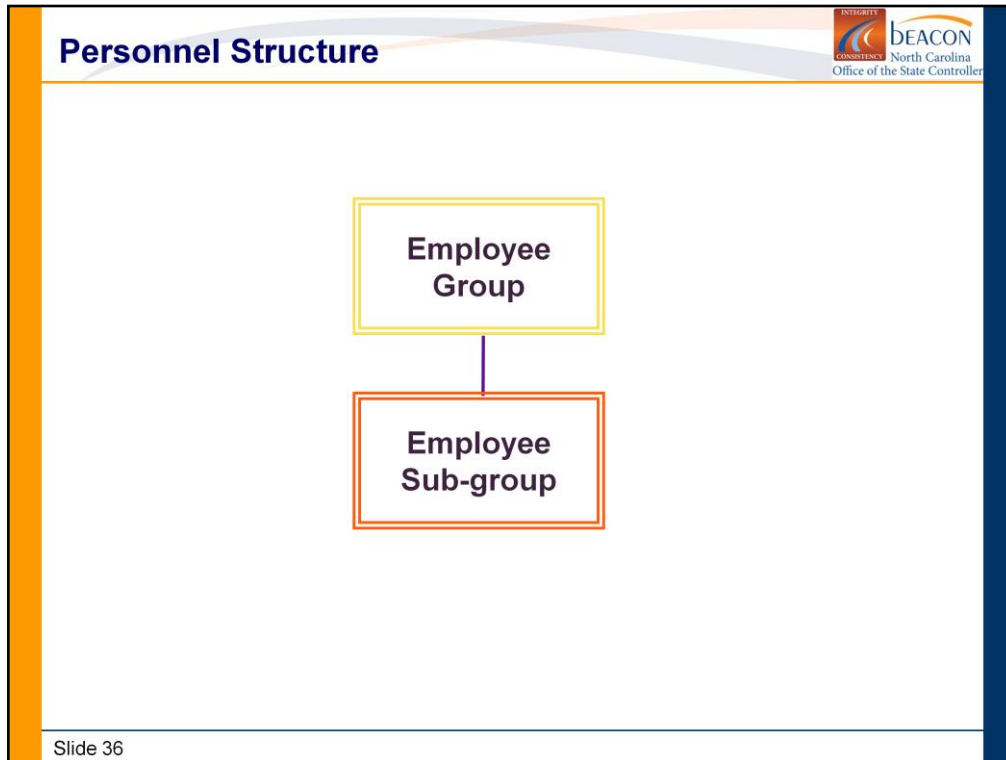
Notes

Personnel structure defines the various types of employees.

Notes

Employee Group identifies employment status and relationship to the State. It also establishes rules for calculating leave and managing employee pay.

Sample table of Employee Groups:

Employee Group	Employee Group Text
A	SPA Employees (State Personnel Act)
B	SPA Law Enforcement
C	SPA 10M pd over 10M
D	SPA 10M pd over 12M
E	SPA 11M pd over 11M
F	SPA 11M pd over 12M
J	Judicial Branch
K	EPA Employees

Employee Subgroup defines exempt and non-exempt status relative to the Fair Labor Standards Act (FLSA). For example, a permanent, full time, exempt employee would be described this way: A1 – FT N-FLSAOT Perm - Full-time Not subject to FLSA Overtime Permanent.

Employee Subgroup also defines full-time and part-time status as well as other types of personnel calculation rules.

Sample Table: Employee Subgroups

Employee Subgroup	Employee Subgroup Text
A1	FT N-FLSAOT Perm
A2	FT N-FLSAOT Prob
A3	FT N-FLSAOT TL
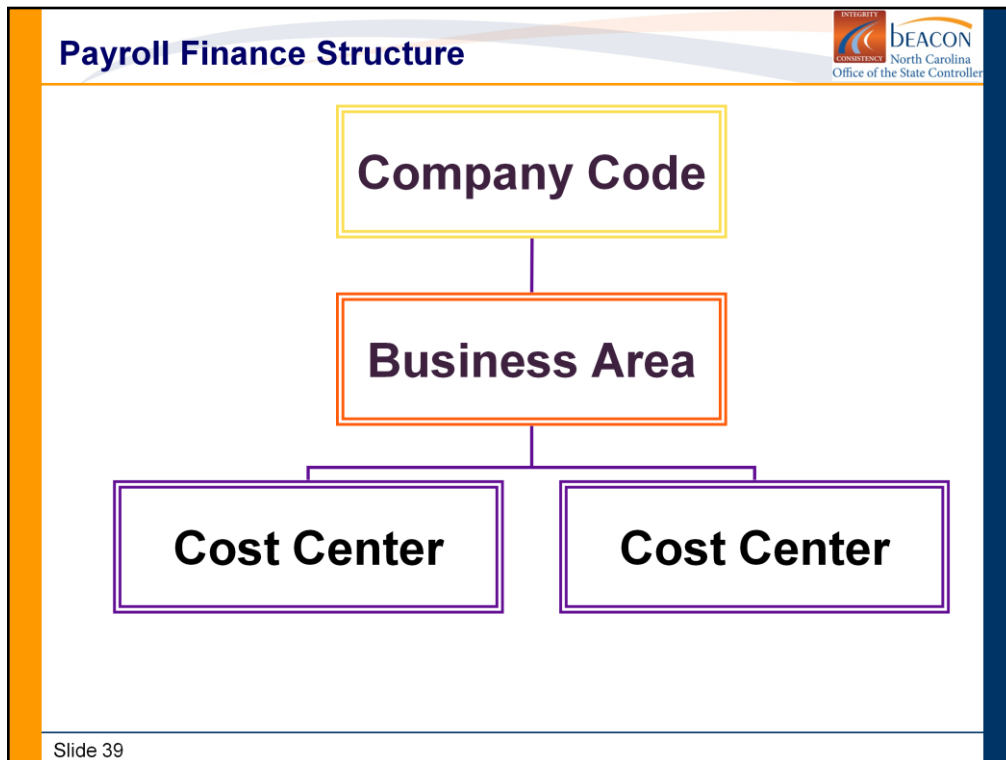
The Financial **(FI)** structure is important to Payroll:

- Assigns employee cost to the appropriate organization
- Used for legal reporting purposes.

Notes

You can create financial statements for **Business Area** and use them for various internal reporting purposes.

Notes

Notes

Cost Center records financial information for a defined location; it represents a specific account.

A business area will have multiple cost centers, each capturing specific payroll expenditures.

Cost centers are based on Position and will default to Payroll Postings in the FI module.

Symbolic Accounts

Symbolic accounts enable the assignment of cost items to wage types.

Symbolic accounts are used when posting results to accounting.

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Notes

A symbolic account has the following characteristics:

- A 4-character alphanumeric code
- A descriptive text
- An account assignment type. This defines the type of posting (posting to expense account, posting to payables account, etc.) and applies to the wage types posted to the symbolic account.
- An employee grouping account determination indicator

Payroll Terms

- Payroll
- Payroll area
- Payroll period
- Payroll calendar
- Wage type
- Tax area
- Tax authority
- Tax processing
- Third-party remittance
- Retroactive payroll processing
- Infotype
- Subtype

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The upcoming slides will discuss these terms.

Notes

Payroll

Payroll is a term for a variety of work processes such as the pay statements, bank transfers, and payments by check.

Payroll is used to calculate pay for work performed by individual employees.

Payroll also covers activities such as posting of results to accounting and evaluations (e.g., taxes).

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Notes

Payroll

The payroll process:

– Calculates employee's gross pay based on salary or hours paid

– Calculates taxes, employee benefit, contributions, garnishments and other deductions

– Calculates net pay amounts

– Executes payment to employee with direct deposit or check

– Executes one-time, off-cycle payments

– Reports payroll results to regulatory agencies for tax purposes

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Notes

Payroll Area is comprised of designated groups. For these groups Payroll runs at the same time.

The groups are:

- NC Monthly
- NC Biweekly
- Non-payroll relevant
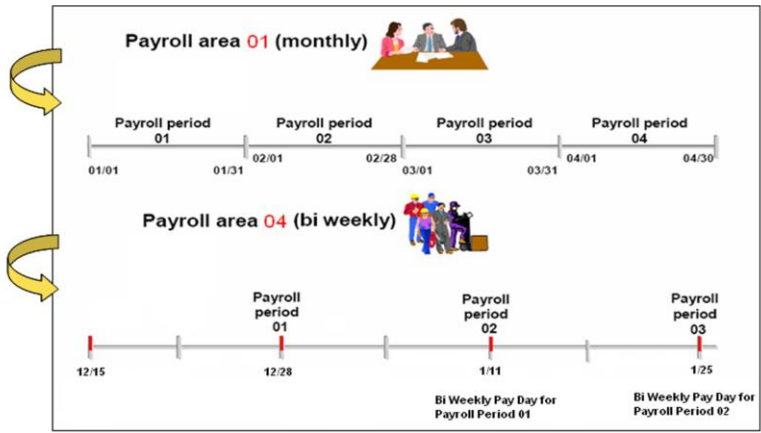
Notes

The **Payroll Calendar** displays each payroll period that is assigned to a particular quarter, half-year or year.

Notes

Payroll Calendar

Period	Year	Type	No.	Year
01	2007	M	01	2007
02	2007	M	01	2007
.				
.				
.				
01	2007	Q	01	2007
02	2007	Q	01	2007

Cumulation period, for example:

M = Monthly
Q = Quarterly
Y = Annually

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Notes

The calendar must be generated for each combination of period parameters and date modifiers assigned to a payroll area.

A period parameter determines the date in the payroll period (start date, end date, or payday date) on which the assignment is based.

Wage Type

A wage type is an object in Payroll that stores amounts and time units that are used. It is used for calculating pay or for determining statistics.

Examples of wage types are:

- 1000: Salaried pay
- 1100: Salaried/Hourly pay

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Notes

Wage types are separate amounts and time units (i.e. salaried pay [1000] and salaried/hourly pay [1100] that are used in different ways during the payroll run.

Tax Area

The grouping of taxing authorities selected for work taxation.

Some customized tax areas are:

- Residence Tax Area
- Work Tax Area
- Unemployment Tax Area

Tax Authority

- Any government agency authorized to levy taxes upon employees, employers or both. (An example here is NC.)

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Notes

Residence Tax Area

Specifies the employee's residence for purposes of residence taxation (typically school and withholding taxes)

Work Tax Area

Specifies the employee's tax area for the purposes of work-based taxation (typically disability and state withholding based on reciprocal agreements between the residence and work states). North Carolina is a work state. This means that work performed in the North Carolina is taxed in North Carolina.

Unemployment Tax Area

Specifies the employee's tax area for the purposes of unemployment.

Tax Processing

The State of North Carolina is required by federal and state law to report information relative to both employee and employer.

Tax Reporter is used to do all tax reporting.

BEACON will allow for additional processing of tax information.

– For example, calculation of unemployment and state withholding for states other than North Carolina will be calculated and reported separately.

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Notes

Tax Reporter allows multiple selections for processing the type of tax that needs to be reported.

If electronic files are needed, Tax Reporter generates them in a format required by the tax authority.

Tax Reporter allows for the processing of all quarterly tax information, including 941 and unemployment filings.

Annual processing includes W-2 and W-3, along with correction processing when required.

Notes

Third-party processing in BEACON HR/Payroll refers to payments made to external vendors.

Vendors normally fall in one of these types:

- Taxes
- Benefits
- Garnishments
- Miscellaneous
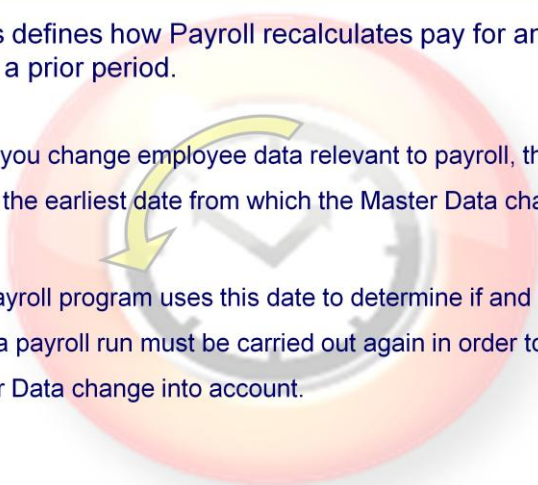
Retroactive Payroll Processing

This process defines how Payroll recalculates pay for an employee in a prior period.

– When you change employee data relevant to payroll, the system stores the earliest date from which the Master Data change is valid.

– The payroll program uses this date to determine if and from when a payroll run must be carried out again in order to take the Master Data change into account.

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Notes

In situations when a change occurs and Payroll has already run, Payroll will re-run and capture the change. This action occurs in the infotype, **Retroactive Payroll Processing**.

Retroactive processing can happen for :

- Time
- Benefits
- HR
- Payroll.

Remember, employee data in BEACON HR/Payroll is date sensitive. When Employee data is changed, the new event starts on the effective date of the change, and the old information is delimited (given an end date).

Notes

Exercise:

Assume Payroll entered 4/1/2007 as the retroactive period instead of 4/1/2008. How much pay would Carmen receive in her June 2008 paycheck?

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Notes

Employee Master Data is organized into **Infotypes**. Infotypes (or screens) make up an employee's personnel file. Just as you would have individual pieces of paper in a file folder to comprise a manual personnel record, you will now have electronic infotypes to comprise a personnel record.

Infotypes group related data fields together (e.g., bank details, addresses, dependents) to form units of information that allow for easier and faster data entry and updates.

Notes

A **subtype** expands the infotype and breaks it into smaller units of information. Subtypes are displayed on additional screens.

For example, within the Address Infotype (0006), you have three subtypes:

- Subtype 1: Employee's permanent residence

- Subtype 4: Employee's emergency contact information

- Subtype 5: Employee's mailing address

PY200 - Payroll Overview, Process and Policy

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Lesson Review

In this lesson, you learned to:

- Define key terms and processes
- Distinguish between the Enterprise structure and the Personnel structure

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Notes

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Knowledge Check

1. _____ is a term for a variety of work processes such as the creation of payroll results and remuneration statements, bank transfers, and payments by check.

   A. Subgroup

   B. Infotype

   C. Payroll

   D. None of the Above

2. What are the four reasons to initiate an SAP Off-Cycle process?

   A. Adjustments, Bonus, Check Replacement, On Demand

   B. Petty cash, Bonus, On Demand, Adjustments

   C. On Demand, Check Replacement, Bail money, Adjustments

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Notes

Knowledge Check

3. A _____ is any government agency that is authorized to levy taxes on employers or employees.

4. The Time module calculates time wage types in payroll, such as _____, _____ and _____.

    A. Regular pay, over-time, shift work

    B. Work on public holiday, birthday, night work

    C. Regular pay, mother's day, over-time

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Notes

Lesson 3

DEACON
North Carolina
Office of the State Controller

Lesson 1: SAP Payroll

Lesson 2: Payroll Terminology

Lesson 3: What is Shared Services?

Lesson 4: Agency Roles and Responsibilities

Lesson 5: Shared Services Roles and Responsibilities

Lesson 6: Course Review

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Notes

Lesson Objectives

DEACON
North Carolina
Office of the State Controller

Upon completion of this lesson, you should be able to:

• Describe the BEST Shared Services concept

• Explain Payroll Shared Services support

Notes

This lesson covers the BEST Shared Services concept and explains the support BEST Shared Services provides to Payroll.

What is BEST?

BEST stands for BEACON Enterprise Support Team or Shared Services

– Shared Services is a customer-focused organizational unit that provides back office support primarily to internal customers and eliminates redundant **processes** and **systems.**

Organization Management › Personnel Administration › Benefits Administration › Time Administration › Payroll

Notes

BEACON HR/Payroll replaces the legacy HR, Payroll mainframe systems. The system is designed to significantly improve the efficiency of services through the standardization of HR, Payroll, and Benefits processes and information.

The State of North Carolina recognizes that establishing a Shared Services function will be a key enabler of realizing and sustaining its goals of consistency, quality, and efficiency of services.

Shared Services

Shared Services Enables

- Standardization of processes and systems

- Consistency of service quality and accuracy

- Improved controls

- Efficient integration of any newly created agencies.

Key Shared Services Attributes

- Built upon standard processes, policies, and systems

- Focuses on delivering excellent customer service

- Strives for continuous improvement

- Has an end-to-end process optimization orientation

Notes

BEST Shared Services has implemented a tier-based support model which will provide the following:

- Intuitive, user-friendly self-service tools allow employees and managers to initiate transactions

- A new point of contact to answer questions

- Dedicated specialists available to answer questions provide information to employees, managers and Business Partners, and Agency support staff.
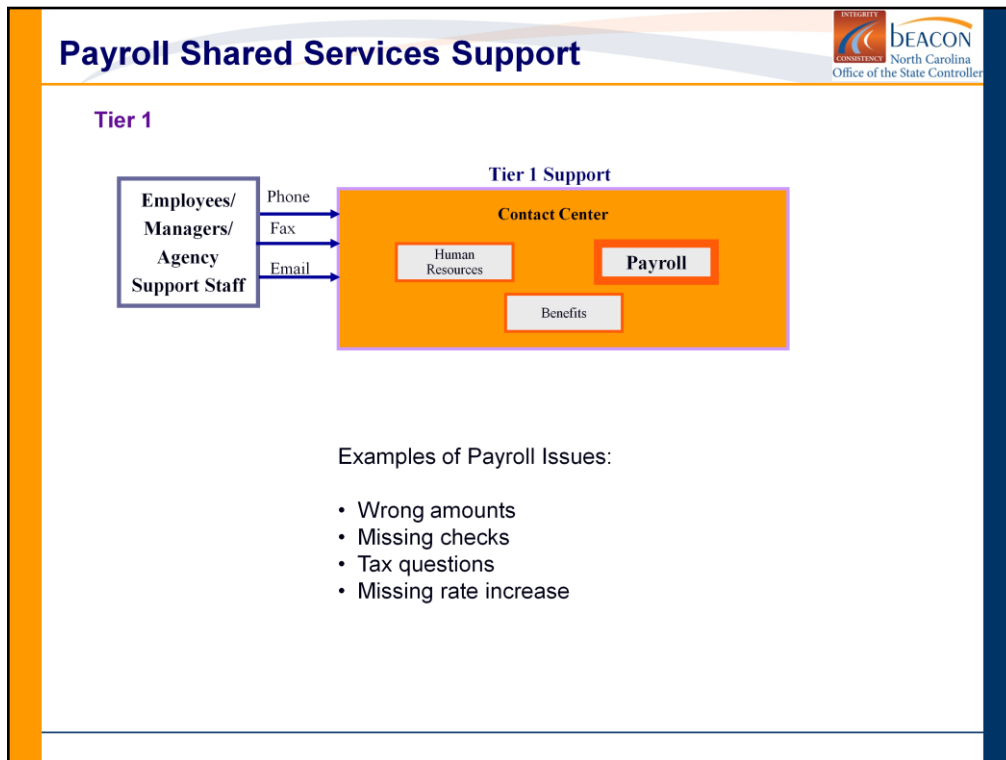
Other BEST Shared Services Benefits:

- Serves as a single point of contact for all initial questions (e.g.: 1-866-NCBEST4U or 1-866-622-3787; in Raleigh: 919-707-0707)

- Can be contacted via phone, fax, or email (e.g. BESTSharedServices@ncosc.net)

- Has ability to either provide immediate answers, or can route calls to appropriate Subject Matter Expert (SME) or support group

- Has access to common knowledge content and management tools

- Has ability to establish 'Alerts' for known issues

Notes

Lesson Review

DEACON
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Office of the State Controller

In this lesson, you learned to:

- Describe the BEST Shared Services concept
- Explain Payroll Shared Services support

Notes

Lesson 4

Lesson 1: SAP Payroll

Lesson 2: Payroll Terminology

Lesson 3: What is Shared Services?

Lesson 4: Agency Roles and Responsibilities

Lesson 5: Shared Services Roles and Responsibilities

Lesson 6: Course Review

Notes

Lesson Objectives

Upon completion of this lesson, you should be able to:

- Identify the roles and responsibilities for agency HR/Payroll representatives
- Explain agency process and policy changes.
- Identify agency processes and policies that are not changing

Notes

The Payroll module accepts data from other modules such as Time Management, Personnel Administration and Benefits Administration. Payroll utilizes the Accounts Payable module to produce payments.

Payroll also performs the calculations necessary to accurately apply payroll taxes to any payments or deductions, performs the steps to initiate vendor payments or postings to the general ledger.

Agency Deductions and Supplements

Agency Payroll Staff will be responsible for deductions made from employees pay for:

– Cell Phone Supplement

– Personal use of a State-owned Vehicle

– Combined Contributions

– Agency Specific Insurance Plans

Notes

Deductions are made from employee's pay during the course of the payroll run. They are usually set up via a form that describes the type of deduction and amount.

Some forms, like savings bonds, are sent directly to BEST Payroll for processing. Others, like some agency specific insurances, are sent to the vendor. The vendor then forwards the information on to BEST Payroll.

Deductions are taken out of the employee's pay as payroll runs. The Payroll module looks at the dates of the deductions to make sure they are to be taken in the current payroll run.

Deductions are grouped and paid through the Third-Party Remittance module as they become due.

Agency Deductions and Supplements

When setting up deductions, several considerations must be taken into account. These include:

- Is there a deduction already in existence?
  - If so, what change is being made to the deduction?
- Is this a new recurring deduction?
  - If so, a new Infotype 0014 will be created.
- Is the deduction a one time deduction?
  - If so, an Infotype 0015 will be created.
- Is there an original amount to the deduction?
  - If so, the amount of payments would be setup in an Infotype 0014 and the original amount would be setup in an Infotype 0015.

Notes

Is there a deduction already in existence? If so, what change is being made to the deduction?

An example would be an increase in the amount of the deduction. In this case a copy of the current deduction would be made and a new deduction infotype created with the new amount. This would also delimit the old deduction. Only the new deduction would be made in the future.

Is the deduction a one-time deduction?

If so, an Infotype 0015 will be created.

A specific date will be used to determine from which payroll the deduction will be taken.

Is this a new recurring deduction?

If so, an Infotype 0014 will be created.

The amount and dates would determine how much the deduction would be and for how long the deduction would be taken.

Is there a limit to the deduction amount?

Yes (as in the example, Combined Campaign)

The original contribution would be set up in Infotype 0015. The system tracks the total amount of the payments and turns off the deduction when the amount of payments equals the amount set up in the infotype.

Agency Specific Deduction

Notes
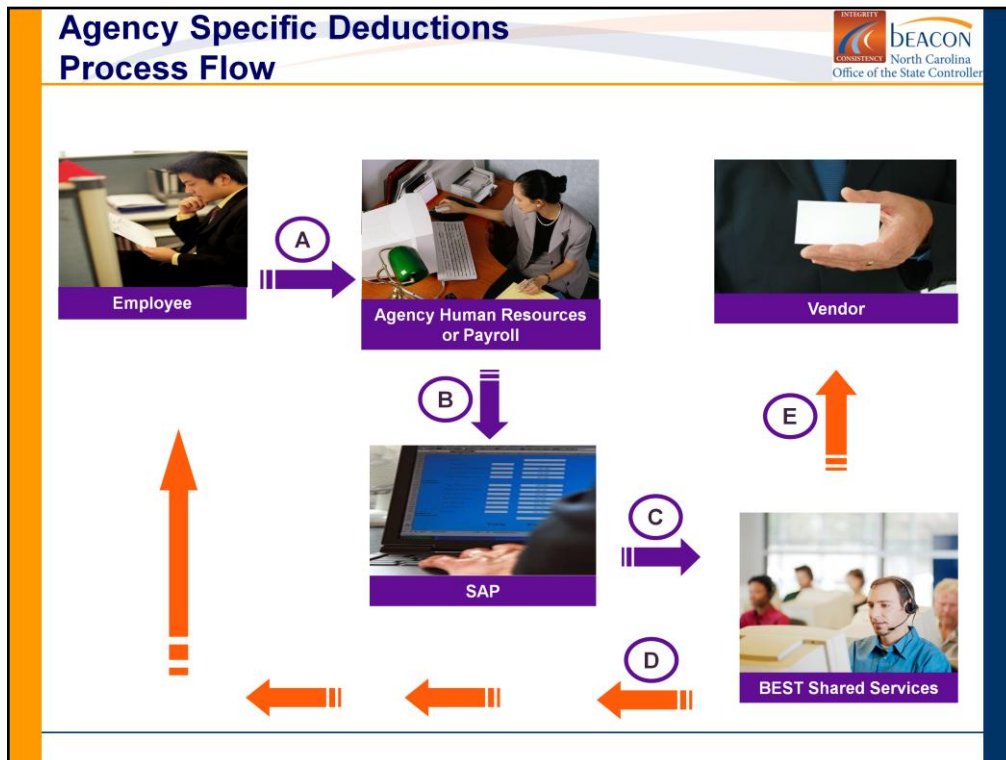
Combined Campaign is an example of an agency specific deduction.

Process Flow:

A. Employee completes deduction form and forwards to Agency HR/Payroll.

B. Agency enters the deduction into BEACON HR/Payroll.

C. BEST Shared Services process deduction information. (Upon the next payroll run, the employee will see the deducted amount from their pay.)

D. BEST Shared Services will request payment to vendor via third party remittance.
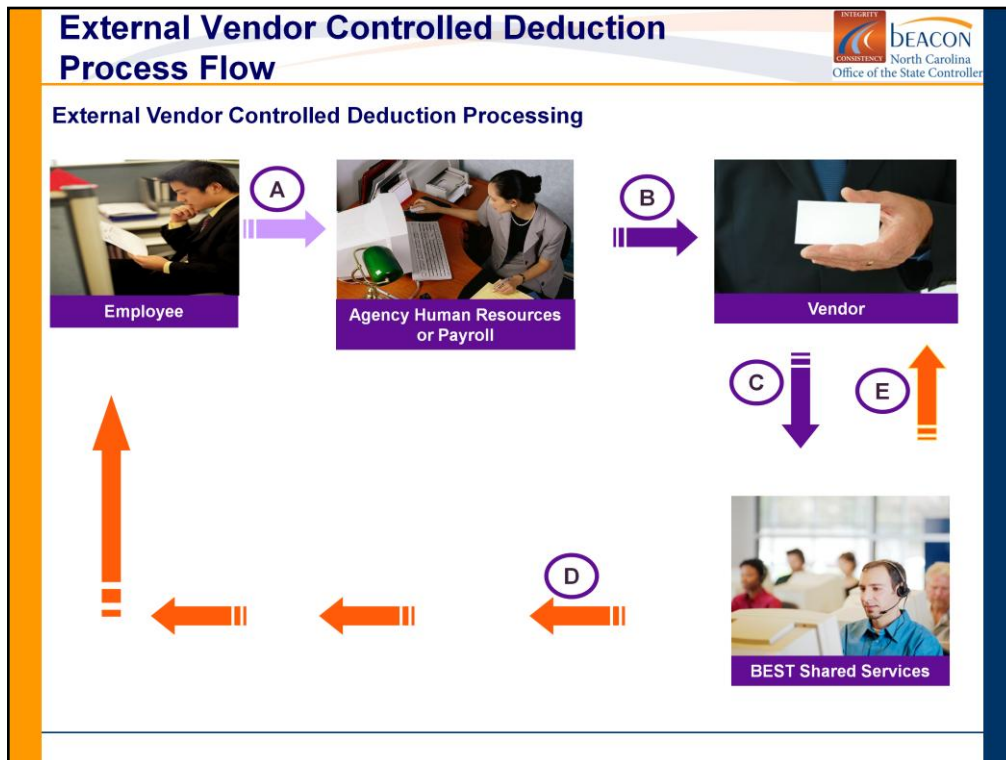
External, Vendor-Controlled Deduction

An example of external vendor controlled deduction is **401K**.

Process Flow:

A. Employee completes deduction form and forwards to Agency HR/Payroll.

B. Agency forwards form to vendor.

C. Vendor provides deduction information to BEST Shared Services.

D. BEST Shared Services receives and processes deduction information.

E. BEST Shared Services will request payment to vendor via third party remittance.

Employee will see the deducted amount on the next payroll run.

Notes

Short-Term Disability

The Short Term Disability Specialist will determine if the employee's payments will be subject to federal and/or state tax withholding based on rules for Calculating Short Term Benefits.

Each employee's hours will be recorded on the short term disability absence type.

Payroll will define this wage type to valuate pay at 50% of base pay, including longevity pay, if applicable.

The payroll system will pay this amount to the employee each pay period that the employee is on short term disability

Notes

Notes
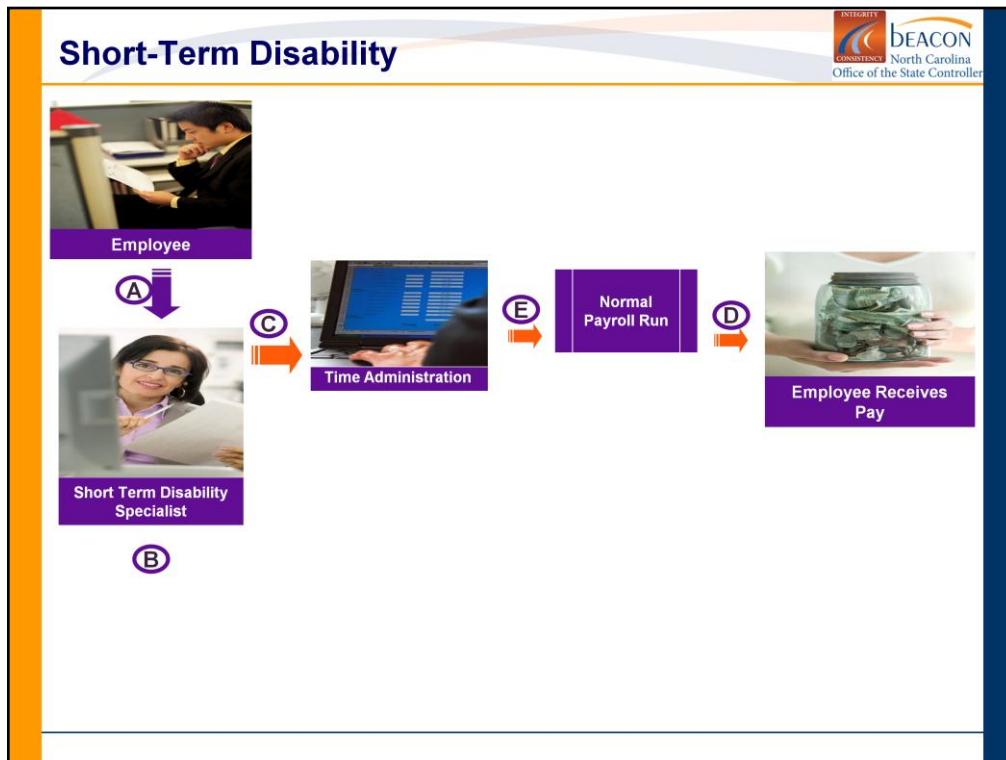
Short Term Disability (STD) payments will be paid as per the State of North Carolina policy. Payments are made at 50% of base pay and include longevity when appropriate.

Process Flow:

A. Employee gives documentation to his/her agency Short Term Disability (STD) Specialist. The STD specialist creates the appropriate action placing the employee into a positive time/actual pay status.

B. The STD Specialist inputs time into the time recording system in order for the employee to receive pay. Time will be recorded into the time system.

C. Time evaluation will assign a designated short term disability wage type to all hours input in the system.

D. When payroll runs, it pulls in all time data from Time Evaluation and processes payment.

E. Employee receives payment.

Agency Specific Processes

Existing processes are still in effect for the following:

- Cell Phone Supplement
- Management of Personal Use of State Vehicle
- Relocation Pay
- Payment to the National Guard

Notes

Lesson Review

In this lesson, you learned to:

- Identify the roles and responsibilities for agency HR/Payroll representatives
- Explain agency process and policy changes.
- Identify agency processes and policies that are not changing

Notes

Lesson 5

BEACON
North Carolina
Office of the State Controller

Lesson 1: SAP Payroll

Lesson 2: Payroll Terminology

Lesson 3: What is Shared Services?

Lesson 4: Agency Roles and Responsibilities

Lesson 5: Shared Services Roles and Responsibilities

Lesson 6: Course Review

Notes

Lesson Objectives

DEACON
North Carolina
Office of the State Controller

Upon completion of this lesson, you should be able to:

• Identify BEST Shared Services policies

• Identify BEST Shared Services processes

Notes

Payroll Processing

The following processes are managed by BEST Shared Services:

- Payroll Scheduling
- Check Processing and Distribution
- State Health Plan Reconciliation
- Garnishment Processing
- Quarter/Year End Reporting
- Tax Reporting and Third Party Remittances
- Work with Vendors

- Collections of Overpayments/Claims for active employees
- Calculation of Longevity Pay
- Salary Verification
- Process FICA Save Funding
- Process Dual Employment
- Off-Cycle
- Process Savings Bond Deductions

Payroll Processing

BEACON HR/Payroll replaced Central Payroll and DOT Payroll and centralized payroll processing in BEST Shared Services.

Policies are enforced for the following:

- Direct deposit
- Overpayments
- Garnishments
- Pay for temporary employees
- Deductions for pre-tax parking
- Check distribution

Two payroll areas are used:

- Monthly
- Bi-Weekly.

Integration with HR, Benefits, and Time Management systems automated many current payroll activities.

Notes

All temps will be paid bi-weekly.

Notes
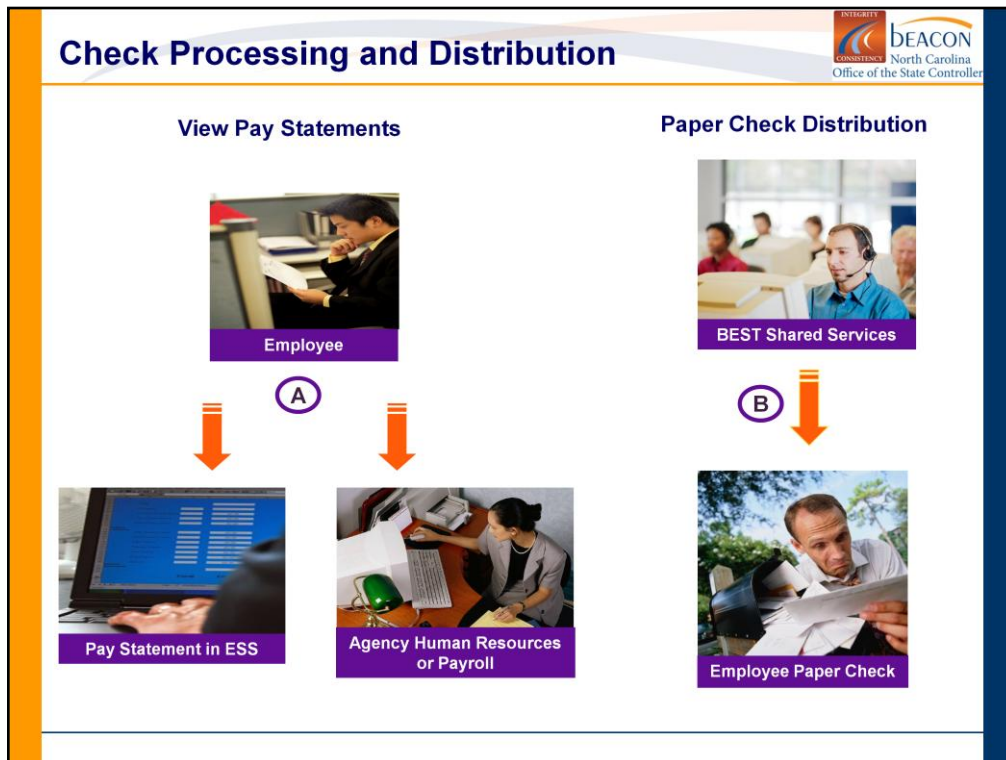
Notes

An employee can go to ESS to view their pay statement or contact their Agency HR personnel.

Paper checks are processed and distributed by BEST Shared Services.

State Health Plan Reconciliation

Notes
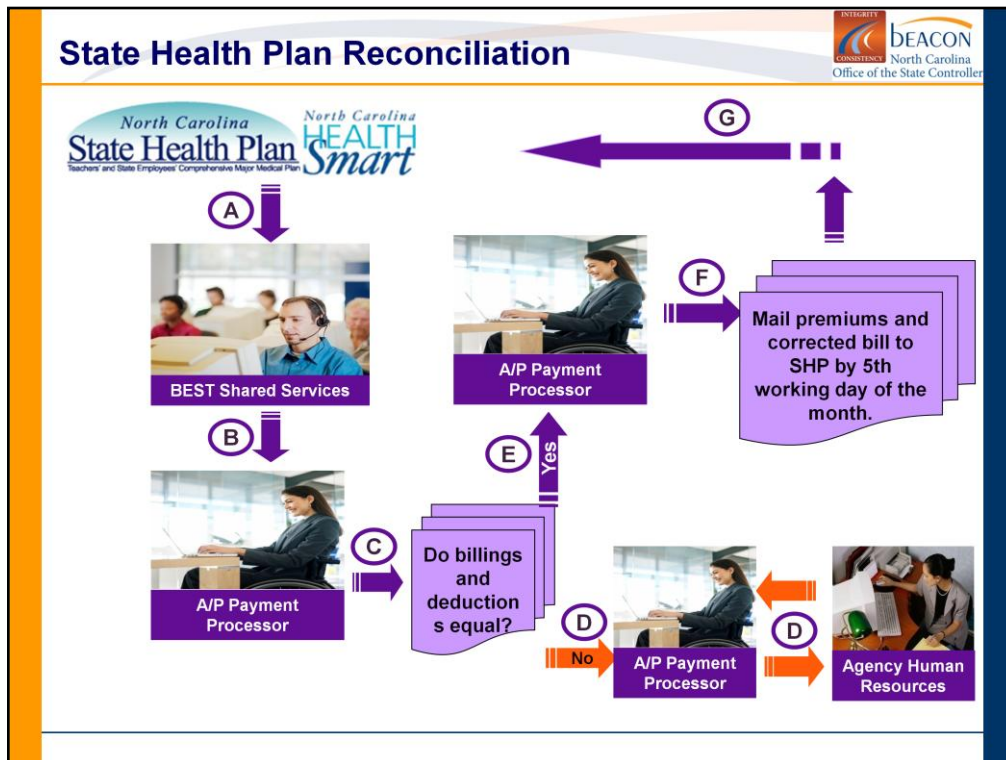
Responsibility for the **State Health Plan Reconciliation** process will now shift from the agencies to BEST Shared Services.

Reconciliation Process Flow:

A. BEST Shared Services receives billing information monthly from the State Health Plan. Billings cover the Comprehensive Major Medical (CMM) and the Blue Cross/Blue Shield (BCBS) PPO.

B. BEST Shared Services reconciles the billing by matching the bill to deductions taken during the payroll process.

C. All differences will be noted, including employee payments that were made after the payroll run.

D. If the billings and deductions do not reconcile, the Payment Processor may contact the agency for benefit billing adjustments.

E. Once reconciled, BEST Shared Services will have an Automated Clearing House (ACH) [an electronic funds transfer system] produced from Third-party Remittance.

F. The reconciled bill will be electronically forwarded to the State Health Plan no later than the fifth day of the next month.

G. State Health Plan receives ACH payment and Recon file.

Garnishment Processing

Garnishments will be processed with the standard SAP-supplied garnishments module.

BEST Shared Services will centrally manage the following:

– Entry

– Processing

– Remittance

– Reporting

Garnishment orders are generally received by BEST Shared Services. Those received by the agency need to be forwarded to BEST Shared Services for processing.

Notes
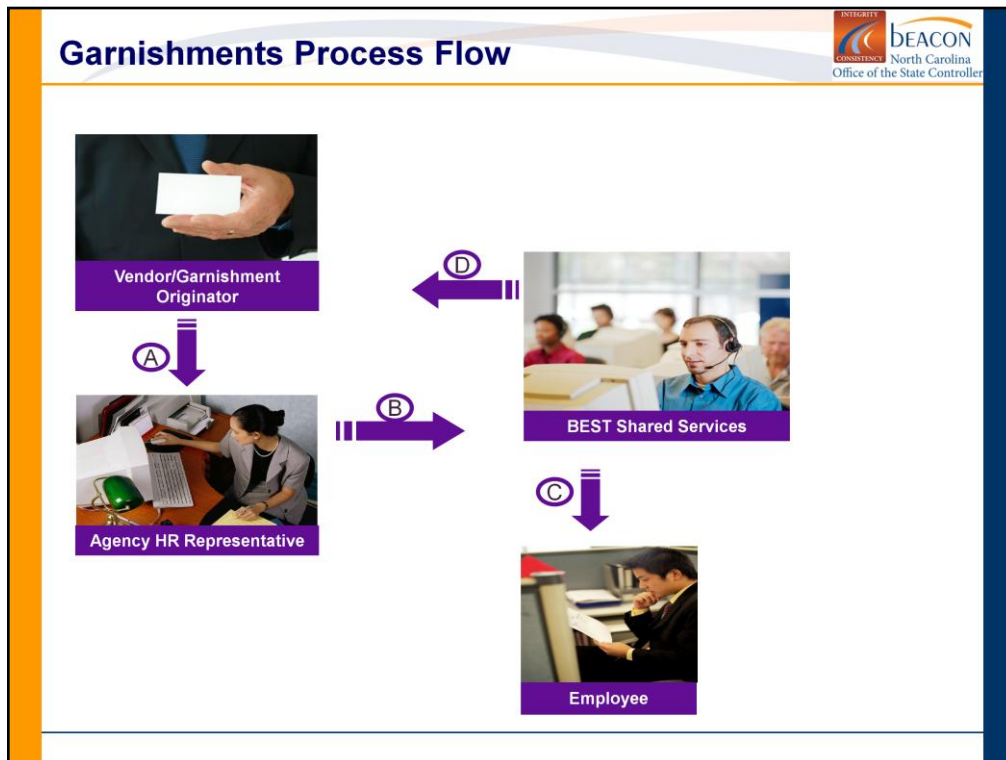
Notes

Garnishment Process Flow:

- Garnishment order is originated and sent to BEST Shared Services or to the Agency. When the Agency receives the order, it is forwarded to BEST Shared Services.

- BEST Shared Services processes the garnishment order. (Employee is able to view the garnishment deduction on pay statement.)

- Vendor payment is processed by Shared Services.

- Vendor receives payment.

Reporting:

Notes

A. BEST Shared Services executes Tax Reporter for compliance.

B. Tax Reporter allows for processing of all quarterly tax information including 941 and unemployment filings.

C. Tax Reporter also allows for annual processing which includes W-2 and W-3 along with correction processing when required.

D. Once the tax balancing reports are executed, the employee receives the W-2.

Notes
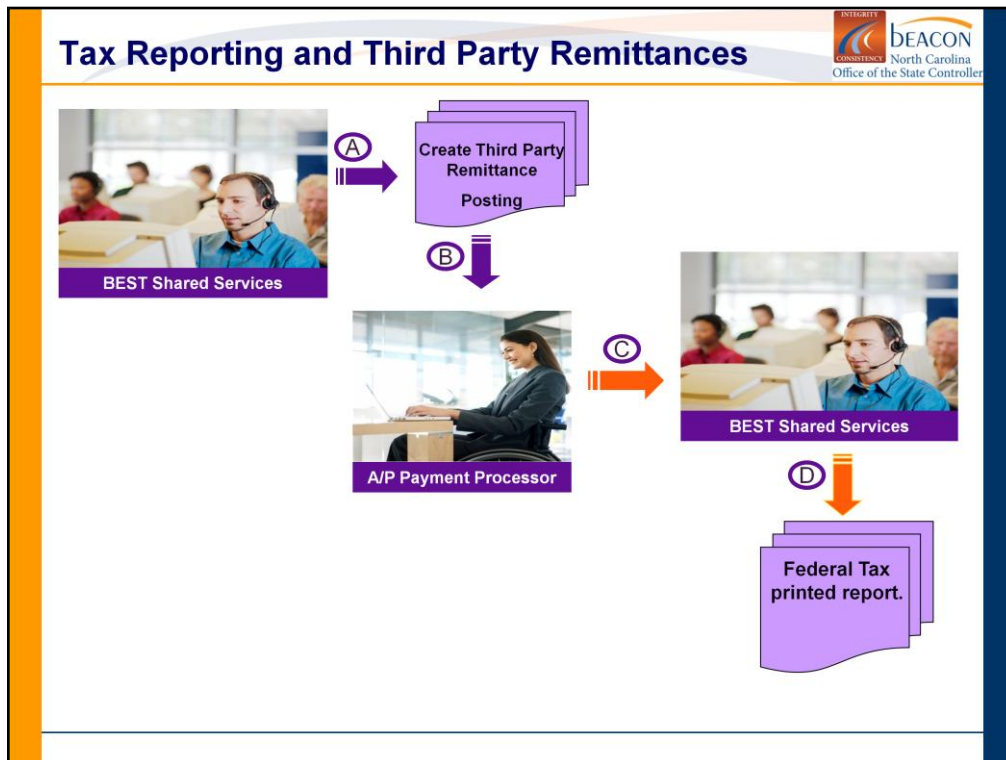
The State of North Carolina is required by federal and state tax authorities to report employee wages and employee tax withholdings. The State is also required to report employer taxes and payments. Reporting must be in accordance with time frames set by these authorities. BEACON HR/Payroll delivers standard functionality in the form of its **Tax Reporting** module to meet these requirements.

Reporting/Remittance Process Flow:

A. BEST Shared Services executes tax evaluation in SAP. This creates Third Party Remittance for posting.

B. Third Party Remittance posts. This information is available for the Accounts Payable (AP) payment processor. The processor determines the payment type based on the remittance and creates the payment.

C. BEST Shared Services executes the **Tax Due Report**. The EFTPS format payment must include the State of North Carolina's information.

D. The Federal Tax report is printed. The paper backup is submitted to the federal agency vendor.

E. Third-Party Remittance sends to AP all payments that are due. These payments include all deductions from payroll, including taxes.
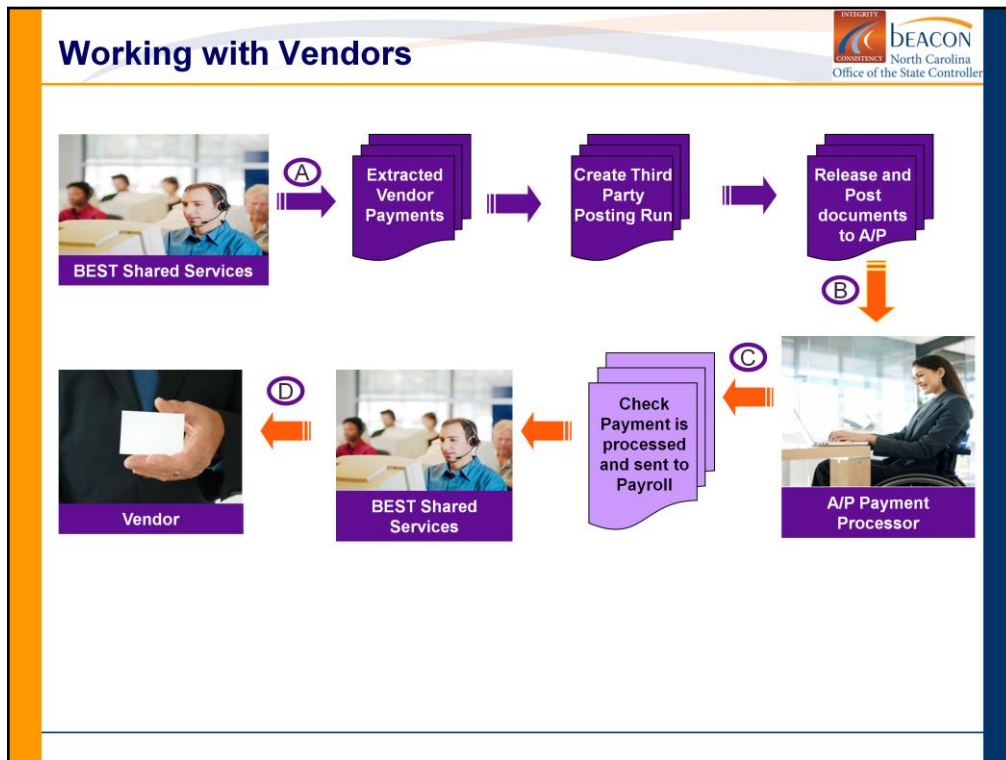
Process Flow:

A. Third Party Processing separates payments by type and vendor and sends all payments due to AP.

B. Payments are posted to AP.

C. Payment requests are updated daily in order to pay vendors on time.

D. AP generates all payments and remits per vendor's request, ie., check or electronic fund.

E. Check is generated by BEST Shared Services.

F. BEST Shared Services attaches proper payment documentation. sends check and documentation to the vendor.

G. If the payment is electronic, the payment goes directly to the vendor using standard Automated Clearing House (ACH) format. The vendor will also receive the supporting documentation electronically.

Collection of Overpayments and Claims

DEACON
North Carolina
Office of the State Controller

- Key Process Changes (for active employees only):
  - Employees must become aware that existing claims can cross agencies (all claims will continue to be settled by employee's pay)
  - Claims process will be automated and centralized in BEST Shared Services
  - BEST Shared Services will notify employees of overpayments/claims

Notes

Inactive employees will be handled by the agencies.

Notes
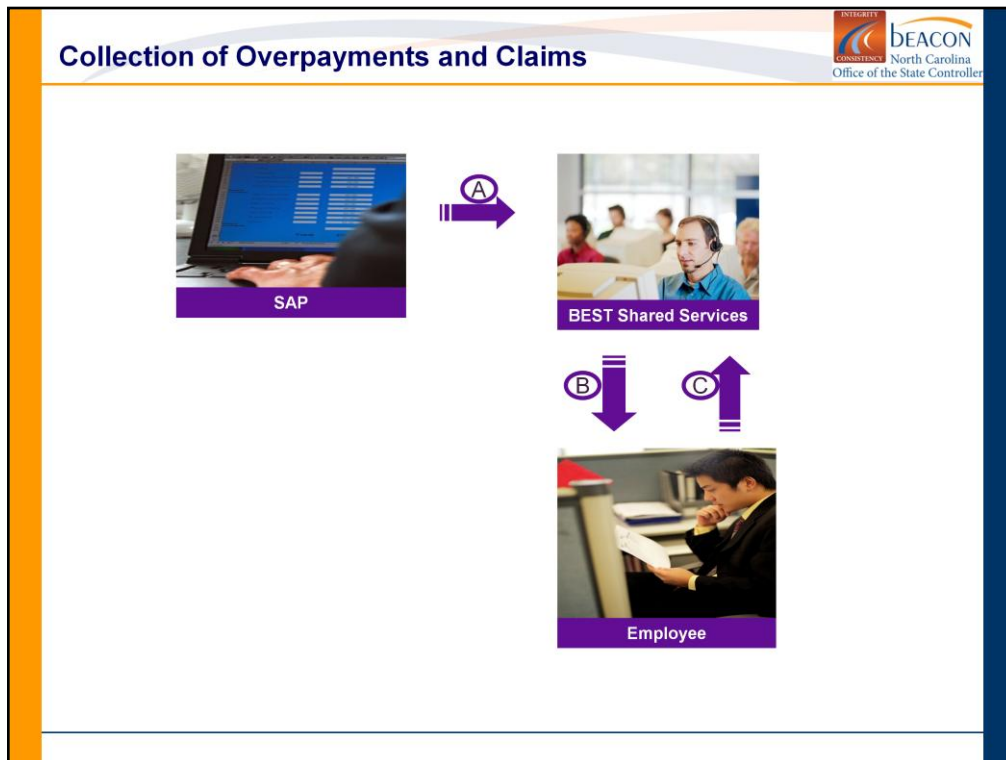
This **Overpayments and Claims** process will be managed by BEST Shared Services for <u>active</u> employees.

A. Employees may be overpaid for a variety of reasons. When an employee is overpaid, the system automatically generates a claim against future payroll to recover funds.

B. BEST Shared Services will generate an electronic listing of all employees that have a claim. BEST Shared Services then sends, via inter-office mail, a notification to the employee of the claim and the claim amount due. The letter also explains the process for collecting payment.

C. When the next payroll run is executed, the claim will be recovered, assuming funds are available. If there are not enough funds in the current payroll to collect the entire claim, the remainder will be collected in subsequent payrolls. This will continue until the entire claim amount has been satisfied.

It is the agency's responsibility to collect if an employee separates and the overpayment/claim has not been collected.

NOTE: Collection amounts are being determined.

Calculation of Longevity Pay

Key process change:

- Longevity transactions will originate in the Time Management module and will be made available in the Payroll module for valuation and payment.

  – This will occur for both monthly (for AOC employees) and annual longevity payments.

  – Eligibility is determined on a daily basis rather than at the end of each month.

  – The payment will be included in the employee's gross pay for the pay period in which s/he is eligible.

Notes

How Longevity is Calculated:

  - A comparison between new and legacy systems

BEACON HR/Payroll system:

- Employee has 119 months of total state service as of 9/01/08.
- On 9/15/08 the employee will have worked half of the working days in the month.
- On 9/28/08 the employee will receive their first longevity payment.

Legacy system:

- Employee has 119 months of total State service as of 9/1/08.
- On 9/30/08 the system gives the employee TSS credit for the month.
- On 10/31/08 employee receives his/her first longevity payment.

NOTE: For employees who are eligible for Longevity Payment and not exhausting leave you will need to create IT2001 for 9400 Leave Without Pay so Longevity isn't triggered. This does not include employees on Military leave or Workers' Compensation LOA.

Calculation of Longevity Pay

Notes
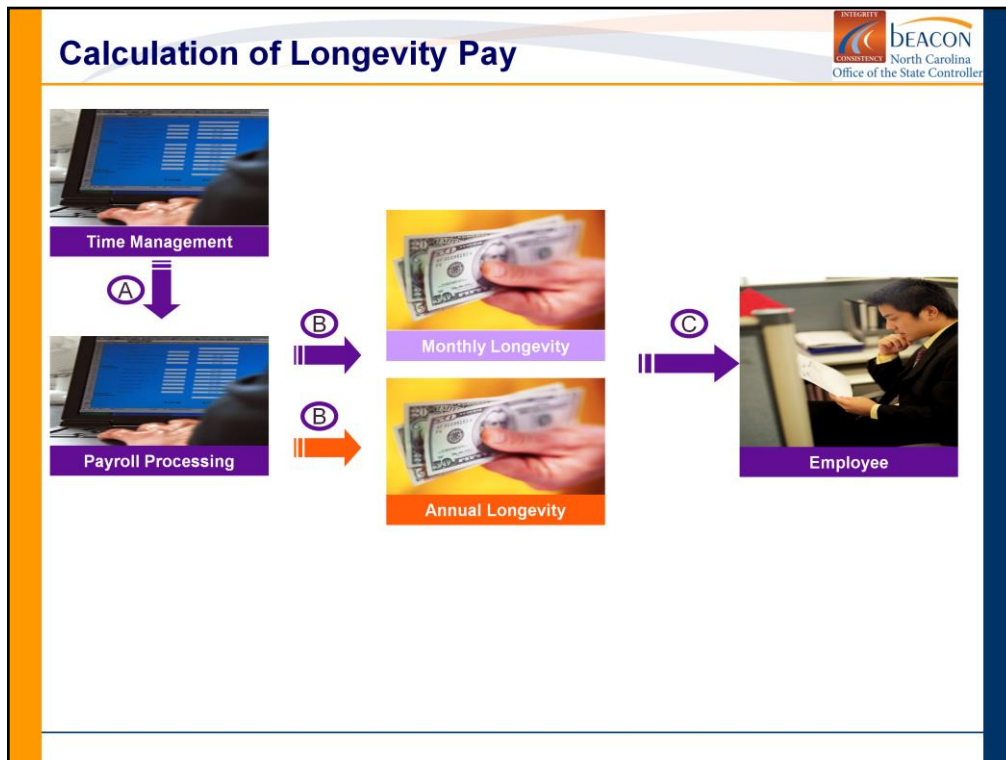
Longevity payments to employees occur <u>automatically</u> each time payroll processes. When a longevity payment (either monthly or annual) is due, a Time Wage Type entry is created and stored during Time Evaluation.

The Wage Type is then valuated for pay and the amount is included in the employee's gross wages.

Payroll will then read the Wage Type and apply the appropriate value to it. Valuation will require that we accumulate longevity-eligible wages to apply the correct percentage at the time longevity is to be paid.

The accumulator will be processed as a standard "accumulation" Wage Type and will be added to and reset by the system on a configured, pre-defined schedule.

The longevity rates specified by the General Assembly will be stored as payroll constants and retrieved each time a calculation is made. These constants will be delimited and updated as required by the Payroll staff.

Salary Verification

BEST Shared Services will process all salary verifications.

All verifications must be transmitted via fax, email or mail.

BEST Shared Services will complete the forms and send to the third party.

Notes

Notes
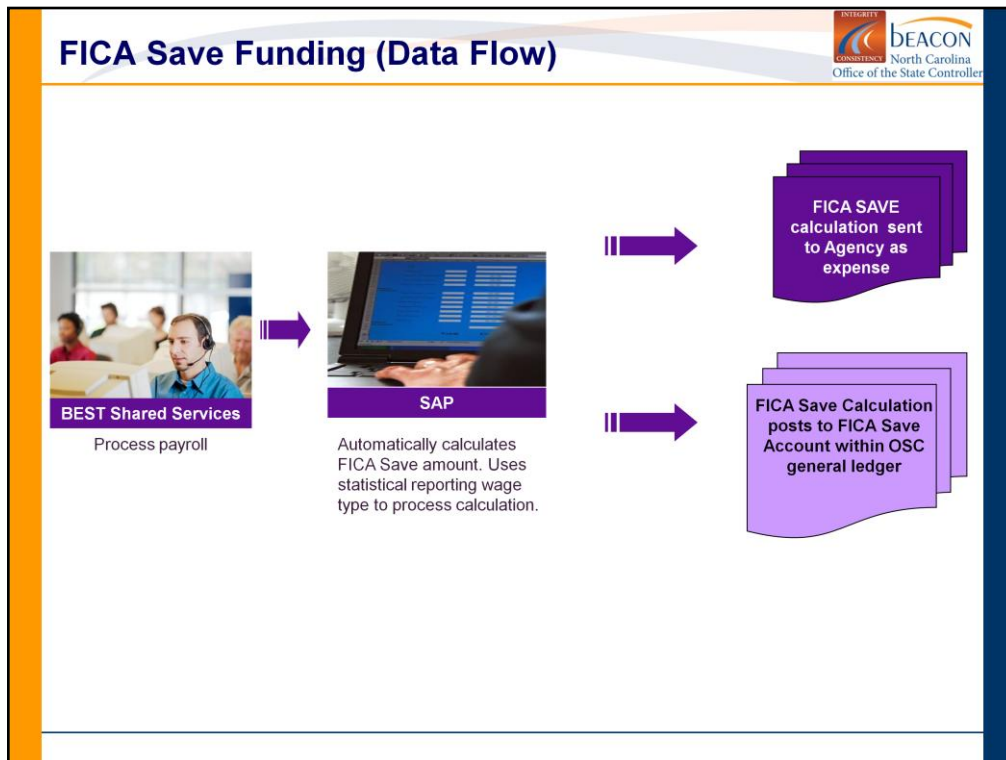
In the past, the Office of the State Controller (OSC) billed each agency for the FICA save amount after each payroll.

The new funding process for the FICA Save account is an integrated calculation and posting process that is <u>entirely automated</u>. The above process flow is more of a data flow than a process flow.

The FICA Save process will cover all employees paid by the new BEACON HR/Payroll system. The process includes a custom calculation to calculate the FICA Save amount each time payroll is run.

If no FICA Save amount is calculated, none will be reported.

Notes

The scenario shown above is valid for a BEACON to BEACON relationship. If either of the agencies involved in dual employment are not using the BEACON system, BEST Shared Services must be contacted.

Dual employment in the BEACON system will follow the existing process utilizing the CP-30 form to request payment to the employee. It will not be required, however, that the borrowing agency remit a check to the primary agency.

Process Flow:

A. Employee manually completes a timesheet for the borrowing agency.

B. Borrowing agency supervisor manually approves the timesheet and sends it the borrowing agency HR.

C. Borrowing agency prepares and sends CP-30 form to the primary agency HR.

D. Primary agency HR forwards CP-30 form and timesheet to the primary agency supervisor for approval.

E. The primary agency supervisor forwards the approved CP-30 and timesheet to the primary agency HR.

F. BEST Shared Services keys the one-time earning into BEACON HR/Payroll. The keyed information is made available in the system for payroll processing.

Off-Cycle Processing

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CONSISTENCY
North Carolina
Office of the State Controller

The SAP off cycle processing allows the State of North Carolina to make adjustments to employee payroll records with proper documentation.

Off cycle processes include:

– Adjustments

– Bonus

– Check Replacement

– On Demand

Notes

Off-Cycle adjustments are non-cash. They can come from several sources for different reasons. An example of this is the recording of non-taxable moving expenses that need to be reported on the employee's W-2.

Adjustments is a tool to update non-cash transactions to employee's records. Adjustments required proper documentation.

Bonus payment could be to an individual, a group of individuals or to all employees, pending approval.

Check Replacement allows the State of North Carolina to replace checks that have been lost, stolen or destroyed. With the proper documentation and affidavits BEST Payroll Processing (BPP) will be able to replace a check using the Off Cycle Check Replacement function.

On Demand allows the State of North Carolina to pay at any time an amount of money that was not paid to an employee on the previous pay period. With proper documentation BEST Payroll Processing will pay the amount. The payment could include shortage of hours or missed payments.
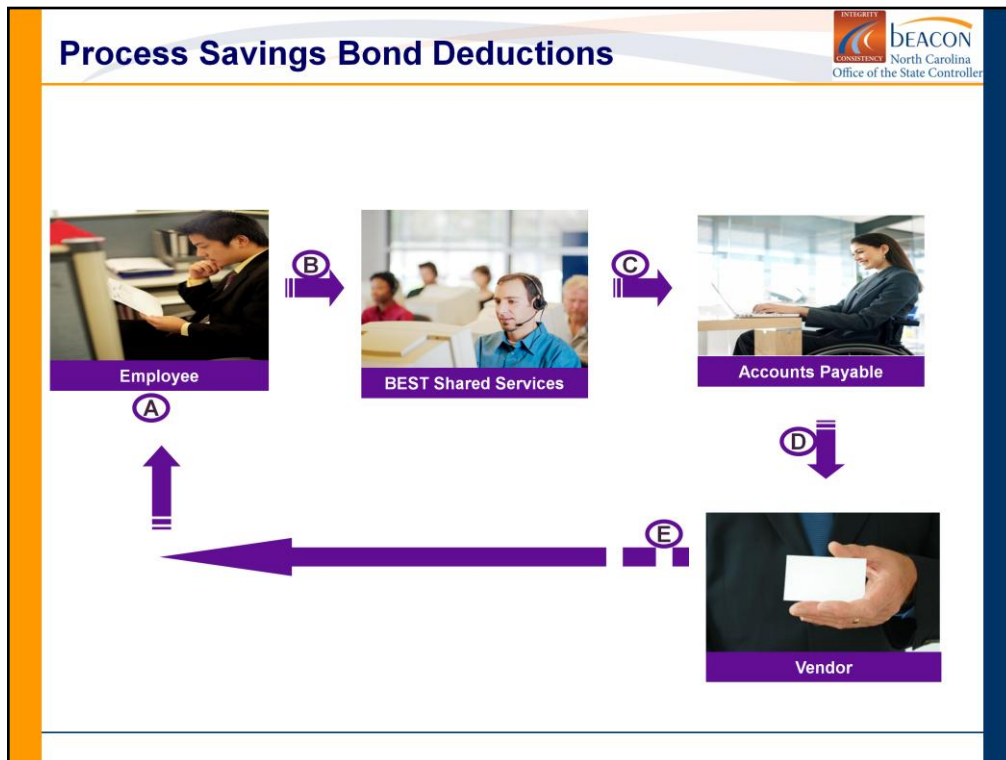
Bond Deductions Process Flow:

<u>Notes</u>

A. Employee submits a bond deduction form to BEST Shared Services.

B. BEST Shared Services creates infotype 0103 and 0104 via the **PA30** transaction. The savings bond deduction data will be picked up by the payroll program when payroll is run.

C. BEST Shared Services initiates the Third-party Remittance process. The bond payment is released for payment and sent to AP in BEST Shared Services.

D. AP in BEST Shared Services submits bond payment to federal government.

E. Federal government issues bond to employee.

Lesson Review

In this lesson, you learned to:

- Identify BEST Shared Services policies

- Identify BEST Shared Services processes

Notes

Lesson 6

Lesson 1: SAP Payroll

Lesson 2: Payroll Terminology

Lesson 3: What is Shared Services?

Lesson 4: Agency Roles and Responsibilities

Lesson 5: Shared Services Roles and Responsibilities

Lesson 6: Course Review

Notes

Course Review

BEACON
North Carolina
Office of the State Controller

In this course, you learned to:

- Describe BEACON payroll policy changes and processes

- Explain BEACON payroll Shared Services concept

- List BEST roles, responsibilities, and policies

- List Agency roles, responsibilities, and policies

Notes

Course Activity

DEACON
North Carolina
Office of the State Controller

1. List two examples of payroll issues that will be handled by BEST Shared Services tier 1 support.

2. List three deductions that are responsibility of the agency payroll staff.

3. What is the process flow for the external vendor controlled deduction?

4. List the key process changes for the collection of overpayments and claims for active employees.

Notes

Course Activity

5. List the key process changes that are involved with the calculation of longevity pay.

6. Shared Services is a customer-focused organizational unit that provides back office support primarily to internal customers and eliminates redundant _____ and _____.

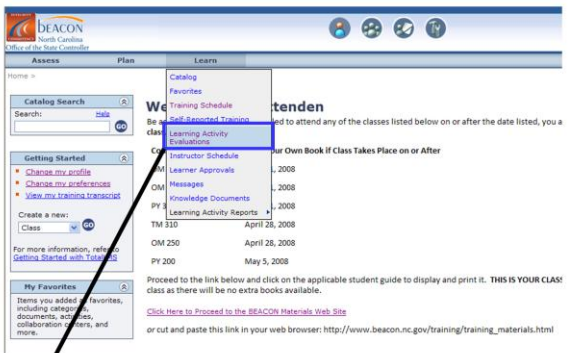7. Employees on a monthly pay schedule get paid at the _____ of the month.

8. Garnishments will be processed by _____.

Notes

Notes

Level 1 Evaluations

The Level 1 evaluation classes is accessed as shown above (**Learner Home Page > Learn > Learning Activity Evaluations**).

Ask your instructor if you have any difficulty accessing the course evaluation.

Next Steps

- Monitor BEACON communication
  - BEST Shared Services web site (especially the Updates tab)
  - URL: http://www.ncosc.net/BEST/
- Review conceptual materials
- Access BEACON Help
  - Access from an SAP transaction
  - URL: http://help.mybeacon.nc.gov/beaconhelp
- Practice what you've learned
  - URL: https://mybeacon.nc.gov
  - Client 899
  - Use your current NCID user name and password

Slide 103

Notes

Continue to monitor updates on the BEACON University website for information regarding any future training that you are scheduled to attend.

Keep your training materials close by as a ready reference.

Want to practice what you have learned from your desk?

Follow the link provided above to access the training client on the BEACON website. The training client is number 899. Your current NCID user name and password are used to access the practice environment.

Need transactional assistance after go live?

Remember to access BEACON help when you need assistance in completing transactions. As stated above, the work instructions can be accessed either on line or by clicking on BEACON help from within an SAP transaction.

Slide 104

Notes